

Terracog global positioning systems: conflict and communication on project aerial...

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WRITTEN ANALYSIS AND COMMUNICATION – I TerraCog Global Positioning

Systems: Conflict and Communication on Project Aerial By RAHUL. R

(111039) To: Richard Fiero, President Tony Barren, Director of Production Ed

Pryor, VP – Sales Allen Roth, Director of Design & Development Becky

Timmons, CFO From: Emma Richardson Date: 14th March 2008 Sub:

Decision to be taken for the project Aerial It's high time that we have to take the decision regarding the project Aerial. If we further delay the decision about launching the product, there are chances that we may lose our valuable customers and the market share.

So I have made the decision to launch the product as per the schedules.

Please go through the report carefully and feel free to give suggestions.

Thank You. Executive Summary TerraCog was specialized in high quality

Global Positioning System equipment. The company had to decide whether

to immediately launch our product Aerial or not. Because of the

departmental issues and personal conflicts, we were unable to reach a

conclusion. Either we had to launch the product with current specifications or

had to extent the date of launch with cost reductions.

If we delay the launch, we might lose our customers as well as market share.

If we fail to deliver quality product, our reputation would also go down. To

compete in the market, we should launch the product with better quality

than the competitors and with affordable pricing. [Word count 108] Situation

Analysis TerraCog was a privately held company specializing in high-quality

Global Positioning System and fishing sonar equipment. The company had an

exceptional product design and functionality. We always took care of our

customers and their preferences.

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The company was not always first to the market. But when we finally launch the products, it was always better than the competitors. So by delivering high quality products, we had a very high reputation among the customers. During the 2006 Outdoor Retailer Show, TerraCog's competitor, Posthaste, had unveiled a GPS prototype called 'Birdsl'. The imagery given by Birdsl was crisp and had a certain visual appeal. But we didn't care about the project very much. We believed that the product couldn't be able to compete with our products.

According to us, the product lagged TerraCog's product in both accuracy and reception quality. But Birdsl received a very good reception from the market. We felt that it was only hype due to the holiday shopping season. We were confident that our core customers were discerning purchasers who would value durability and performance. As time progressed our customers demanded a similar product. We were in a situation to launch a better product than Birdsl. As a result project Aerial was in place. TerraCog's president, Richard Fiero, decided to launch the new product.

To launch the product as quickly as possible and to minimize the cost, the company decided to redesign the existing GPS platform. For the same purpose a meeting was called consisting of Pryor (VP Sales), Allen Roth (Director- Design & Development), Cory Wu (Manager- Software & Firmware Design) and Gorga (Manager- Hardware Design). The discussion was mainly regarding the quality and the pricing issues of the product. Nobody had difference in opinion about the quality of the product, but there were concerns about the pricing of the product.

In the meeting we decided to launch the product by 2008. The decision was not welcomed greatly by the product development team. The team was currently employed in certain projects and they felt the redesign of the total platform could extent time to market by another 6 months. By January 2008, a pilot run was conducted and estimation of costs was done. I was handed over the charge of launch of the product. I had to finalize the decisions on costs, pricing and initial production volume. For the same purpose a pre-launch meeting was called.

The major issue raised during the meeting was about the pricing of the product. During the meeting it was decided to price the product for \$550. But that was not accepted by few of the members. They demanded a cost reduction. We were not able to reach a consensus that time. So one more meeting was arranged on March 14. In the meeting a new price of \$475 was put forward by the design team. As Tony Barren didn't want a situation to be like when he and his team launched sonar project, he thought the pricing was fair enough.

But still difference of opinion prevailed. The sales team believed that the price was in the higher side and we wouldn't be able to sell the product. They felt the price was not competitive and we would lose our market share. There were arguments that the product could be introduced into the market at \$425 and further changes could be incorporated later. There were even suggestions of dropping the product. There prevailed a ' go/no-go' situation about the product launch. Objective Decide whether to launch the product or not. Options . To launch the product at \$475. ii. To launch the product at

\$425. iii. To drop the project. Criteria for Evaluation If TerraCog would fail to launch the product, there were higher chances of losing the customers.

Already we were lagging 2 years behind Birdsl. So before making the decisions the various criteria we have to analyze were: i. Market share ii. Customer response iii. Affecting other projects in line iv. Profit Evaluation of Options i. To launch the product at \$475: We were going to charge a premium from the customers.

If they would feel that the product delivered better than Birdsl, we would be able to maintain our customer reputation and regain the market share.

Moreover if the product was accepted by the customers, there wouldn't be any need to incorporate newer facilities. That would help us to concentrate on the projects in line. Only if we launch at this price we would be able to generate some profits. The finance department would be happy regarding this pricing. ii. To launch the product at \$425: There wouldn't be any profit margin if we were charging at \$425.

We might be able to attract customers and thereby gaining market share. After some particular time, we could incorporate additional features and could try for cost saving measures. The incorporation of additional facilities and implementation of other projects could be carried out side by side. The sales department would welcome this pricing. iii. To drop the project: There would be potential loss of a large number of customers and market share. We wouldn't be able to generate any money and we would incur the loss to implement the prototype.

The opportunity cost would loss. Other projects wouldn't get affected if we drop the whole project. There might be chances that the design department would get a negative feeling. Recommendations I would suggest launching the product at \$425 as per the schedule. Further we could incorporate the additional features that would enable us in cost cutting. We wouldn't be able to generate quick profits. But once the second version would be in sale, we would be in the position to generate profits.

We would be able to satisfy our customers by launching the product immediately. We wouldn't lose the market share also. Moreover other projects wouldn't get affected by this decision. Considering all these facts I would recommend the option ii. Action Plan ??? Sales team has to work on the marketing strategies. ??? Production team has to make sure the desired volume is ready to launch as per the schedule. ??? Make all the arrangements for the launching event. ??? Start working on cost reduction methods for further incorporation of additional features. Word Count [1037]